

SENATE BILL 3461
By Crutchfield

AN ACT to amend Tennessee Code Annotated, Title 67, Chapter 4,
relative to the job tax credit.

WHEREAS, economic growth and development in Tennessee are vital components in assuring that all our citizens achieve and maintain financial prosperity; and

WHEREAS, the continued economic growth of our State and competitiveness with surrounding states requires that we continually evaluate the incentives offered to companies seeking to relocate to or expand current operations in Tennessee; and

WHEREAS, Tennessee's existing job tax incentives focus primarily on manufacturing and distribution jobs; and

WHEREAS, the mission of developing a successful economy in this State by attracting and retaining better-paid, higher-skilled jobs is essential in competing in today's global economy; and

WHEREAS, that mission dictates that the job tax incentive be expanded to include those businesses and industries that increase the number of better-paid, higher-skilled jobs, thus expanding employment opportunities for all Tennesseans; now, therefore,

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 67-4-2109(c)(1), is amended by adding the following as a new subdivision:

() "Economically distressed county" means:

- (i) An economically distressed county as defined by the department of economic and community development; or
- (ii) A county that meets one (1) of the following criteria for any month during the twenty-four (24) months immediately prior to the creation of any net new full-time employee job for

(iii) which a job tax credit is sought pursuant to this subsection (c), based on monthly statistics from the department of labor and workforce development:

(a) The average number of dislocated workers in the county exceeds the average number of dislocated workers in Tennessee; or

(b) The per capita income of the county is less than Tennessee's average per capita income.

SECTION 2. Tennessee Code Annotated, Section 67-4-2109(c)(1), is amended by deleting subdivision (B) in its entirety and substituting instead the following:

(B) "Qualified business enterprise" means:

- (i) An enterprise in which the business has made the required capital investment necessary to permit the creation or expansion of manufacturing, warehousing and distribution, processing tangible personal property, research and development, computer services, call centers, headquarters facilities as defined in § 67-6-224(b)(3), or convention or trade show facilities; or
- (ii) An enterprise that promotes high-skill, high-wage jobs in high-technology areas, emerging occupations or skilled manufacturing jobs in which the business has made the required capital investment in an economically distressed county necessary to permit an increase in the number of net new full-time employee jobs in that county and which receives an approval from the commissioner of revenue and the commissioner of economic and community development in a manner prescribed by the department of revenue.

SECTION 3. Tennessee Code Annotated, Section 67-4-2109(c)(2), is amended by deleting subdivision (B) in its entirety and substituting instead the following:

(B) If the qualified business enterprise is located in an economically distressed county, the credit allowed in subdivision (c)(2)(A) shall be four thousand dollars (\$4,000) for each net new full-time employee job.

SECTION 4. Tennessee Code Annotated, Section 67-4-2109(c)(2), is amended by adding the following as subdivision (C) and by renumbering the remaining subdivisions accordingly:

(C) Notwithstanding subdivision (c)(2)(A)(iv) of this section to the contrary, if the qualified business enterprise meets the requirements of subdivision (c)(1)(B)(ii) of this section, the credit shall first apply in the tax year in which the qualified business enterprise increases net full-time employment by one

(1) or more jobs, and in those subsequent fiscal years in which further net increases occur above the level of employment established when the credit was last taken.

SECTION 5. This act shall take effect upon becoming a law, the public welfare requiring it.